

# BND Exchange

Volume 4 Issue 2 2006



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Breaks Ground

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Bank of North Dakota News

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Eric Hardmeyer

## PRESIDENT'S *Message*

Over the course of its nearly 90 year history, BND has prescribed to a philosophy of change and the benefits that come from embracing it. The redesigned *BND Exchange* that you are paging through reflects the current changes taking place at BND. By taking this simple form of communication, adding four pages and modernizing the look and feel, we are able to convey the strengths of a growing financial institution that is evolving at an unprecedented rate.

Visibility is at an all-time high due to construction of our new building near the Liberty Memorial Bridge, on the banks of the Missouri River in Bismarck. The building design will welcome visitors to the capitol city and reflect the great pride that we take in being the only state-owned bank in the nation.

Our core banking solutions continue to drive the Bank into areas of greater efficiency and new products. BND's Banking Services is outlined in these pages as releasing the Image Exchange Product. As you read this, teams of Bank employees are preparing to visit financial institutions throughout North Dakota, explaining the value of our new product and the benefits you can expect to receive.

We will improve our services through an ever changing business climate in order to offer our customers the best possible business advantage. Our many important partnerships will progress and together we will continue to make significant contributions to the growth of our state.

As the 2007 legislative session approaches and as our history suggests, we are preparing to be at the forefront of new initiatives. BND will look to further its mission, 'To Deliver Quality, Sound Financial Services that Promote Agriculture, Commerce and Industry in North Dakota.'

We hope you enjoy the new *BND Exchange* and thank you for putting us in the unique position to serve as a driver of economic development for the state. ■



*Eric Hardmeyer*

# BND Assists in State Quarter Launch

The Bank of North Dakota BND played a prominent role as the U.S. Mint and the state launched North Dakota's new quarter. BND was chosen as the recipient bank for the quarter shipment from the mint. For the quarter launch ceremony on August 30, BND arranged the delivery of the quarters to the Bismarck Civic Center, as well as organized and conducted the sale of the quarters to the public.

BND received \$200,000 in quarters from the U.S. Mint via the Federal Reserve Bank in Minneapolis. BND was required to have \$50,000 worth of the new quarters available at the launch ceremony.



BND employee Rhonda Vetter sells rolls of quarters to the public at the ND state quarter launch in Bismarck.

"The remaining \$150,000 was distributed to the North Dakota financial institutions that utilize BND's Currency & Coin Service," said Dale Eberle, Senior Vice President for Banking Services at Bank of North Dakota. "While we were selling quarters at the ceremony, shipments of quarters were making their way to North Dakota financial institutions."

Each financial institution received \$500 in new quarters. In all other state quarter launches, only \$100 per location is made available to North Dakota institutions.

"Because it was the release of our state quarter, it made a big difference," said Eberle. "Knowing the people of North Dakota, a majority of that first \$200,000 in quarters will never go into circulation. We hope to be able to receive a lot more."



Approximately 3,500 people attended the ceremony, so the U.S. Mint limited the number of rolls each person could purchase to three, instead of the original five.

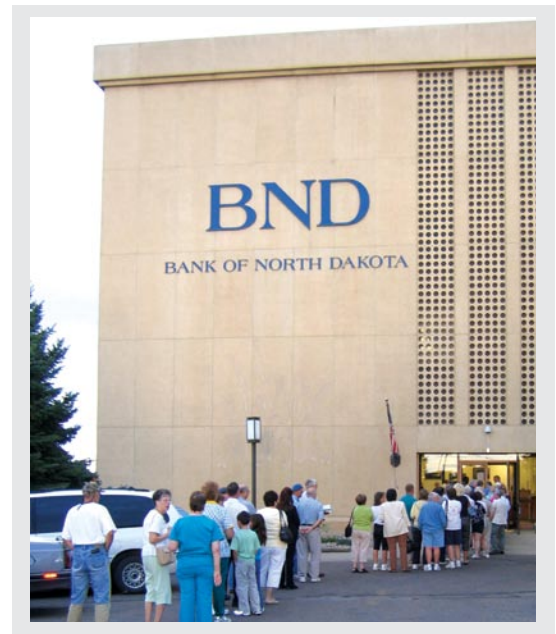
"They wanted to ensure everyone who stood in line would be able to obtain the maximum amount of quarters," explained Eberle. "Some people stood in line for up to an hour and a half for their quarters."

Thirteen BND employees participated in the event.

"I was honored to be included in this piece of history," said BND employee Kelly Boespflug. "It was exciting to see the interest and enthusiasm of fellow North Dakotans in purchasing their rolls of quarters."

Eberle estimates that more than 1,200 people purchased quarters after the ceremony.

BND is making commemorative quarter sets available to customers. The set contains one quarter from each of the Denver and Philadelphia mints, and sells for \$3.50. Commemorative sets are available to all financial institutions through different sources. One source is MPI Coin, an endorsed provider for NDBA, and they can be reached at 1-800-459-9487. ■



A long line formed before the doors opened at 8:00 a.m. the day after the quarter ceremony. BND sold one roll to each customer and ran out of quarters by 2:30 p.m.

# BND's Time has Come

## *Groundbreaking Ceremony Held for New Building*

Bank of North Dakota's history runs deep within our state. During the early 1900's, North Dakota's economy was based on agriculture. Serious problems in-state prevented cohesive efforts in buying and selling crops and financing farm operations. Grain dealers outside the state suppressed grain prices; farm suppliers increased their prices; and interest rates on farm loans climbed.

By 1919, popular consensus wanted state ownership and control of marketing and credit agencies. Thus, the state legislature established Bank of North Dakota and the North Dakota Mill and Elevator Association. BND opened its doors on June 28, 1919. Today, in partnership with more than 100 other North Dakota financial institutions, Bank of North Dakota continues to meet its mission to promote the development of agriculture, commerce and industry in North Dakota.

Now after nearly 90 years of reflecting on an outstanding history of service to North Dakota, BND is looking towards the future.



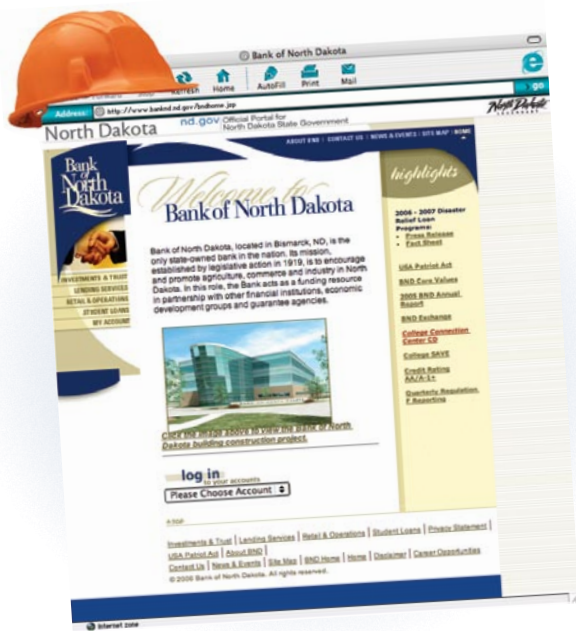
Featured in  
Cover Photo  
from left to right:

John Stewart,  
Todd Porter, Ron Carlisle,  
Bob Stenehjem,  
John Hoeven,  
Eric Hardmeyer,  
Wayne Stenehjem and  
Roger Johnson

*Photography courtesy of Garry  
Redmann, ND DOT*



BND employees at ground breaking



### Watch the construction of the new BND building on the web at [banknd.nd.gov](http://banknd.nd.gov)

“We feel privileged today to be the stewards of this great and unique institution, as we break ground for the construction of a new facility,” BND President Eric Hardmeyer stated at the official groundbreaking ceremony on Tuesday, August 29 in Bismarck. “For the first time we will be in a building designed and built specifically to house BND, not retrofitted from an automobile assembly plant or a grocery store.”

While addressing a crowd of more than 100 people, Governor John Hoeven stressed the need for the Bank to take this next step.

“The current old building goes back to 1917, and it carries a great deal of wonderful history with it,” Governor Hoeven stated. “After close to 90 years, however, it is time. Our focus is now clearly on the future. The funding that the Bank of North Dakota provides to the people of our state - from the student who wants to go to college, to the couple who want to buy a home, to farmers or ranchers who want to grow their operations – that is what the Bank of North Dakota is all about. It is about growing the economy and the future of North Dakota.”

Since 1949 the Bank has contributed over \$465 million to the state’s general fund and hundreds of millions of

dollars in loans to farmers and ranchers, businesses and students.

Attorney General Wayne Stenehjem said, “Our state’s Coat of Arms contains the words ‘Strength from the Soil.’ Today, as we turn a small piece of that North Dakota soil to build this beautiful new structure, we will be ever mindful of the commitment of the Bank of North Dakota to the soil of our great state and to the citizens who toil to make it productive.”

Throughout its history, BND has encouraged commerce and industry, serving as an economic engine through such programs as MATCH, PACE, Beginning Entrepreneur, and other programs; and has never wandered from its primary reason for existing: which is assisting the state’s agricultural economy.

“The Bank’s most recent action was establishing its disaster relief programs,” said Agriculture Commissioner Roger Johnson. “I’m so proud to be part of a Bank which when something (such as the recent drought) happens – it immediately stands up to help.”

Those who broke ground during the ceremony include the Industrial Commission of North Dakota, consisting of Gov. John Hoeven, Wayne Stenehjem and Roger Johnson; North Dakota Representatives Ron Carlisle and Todd Porter, and Senator Bob Stenehjem; BND Advisory Board Chairman John Stewart and Eric Hardmeyer.

Three local companies have begun construction of the building. Capital City Construction of Bismarck is the General Contractor. Central Mechanical of Mandan and Skeels Electric of Bismarck will provide mechanical and electrical work. “We believe we have chosen a landmark site for this building on the banks of the beautiful Missouri River,” said Hardmeyer. “Where, just 200 years ago Lewis and Clark passed by on their return completing their successful corps of discovery. We have positioned the Bank to face upstream, always mindful that we don’t know what the future holds or where it will take us. It is our responsibility to ensure that we have positioned the Bank to be able to adapt to the ever-changing needs of our state.”

Completion of the 61,000 square foot building is set for the winter of 2007 or early in 2008. ■

# Image Exchange Product Released

The past several months have been busy, to say the least, for the Banking and Operations service area at that Bank of North Dakota (BND). An investment in state-of-the-art image exchange technology in order to provide better customer service and new products will allow our customers to operate more efficiently. BND's new technology, the Image Exchange Product, will be released in early October 2006.

This past summer, BND successfully installed and tested its Image Exchange Product with the Federal Reserve Bank. This important product also was tested with pilot financial institutions located throughout North Dakota. Operations managers from financial institutions across the state also responded to a survey that outlined his or her institution's current image exchange capabilities so that BND could better serve each financial partner's needs.

BND representatives will be meeting with individuals from financial institutions across the state to explain BND's image product and how it will positively affect business operations.

Release of this new product will give BND's valued partners in the financial industry access to new technology that will allow everyone to operate more efficiently and provide better customer service.

If you have any questions about BND's Image Product, please contact Dale Eberle, Senior Vice President of Banking Services at 328-5626. ■



## BND Provides Disaster Relief Loan Programs

The Bank of North Dakota BND is providing low interest rate disaster relief programs for North Dakota farmers and business owners impacted by this past summer's extreme weather conditions. Working in partnership with local community financial institutions in affected areas, BND will assist in funding the disaster loans.

The disaster relief programs are designed to assist farmers and business owners in North Dakota counties and communities that have been declared disaster areas. "I've met with farmers and business owners across the state who are in need of economic assistance because of prolonged dry conditions," said Gov. John Hoeven. "Bank of North Dakota can help provide that assistance through these low interest loan programs."

To begin the loan process, North Dakota farmers and business owners severely impacted by drought conditions should inquire about the low interest loan programs through their local financial institution. "The program for farmers is designed to help them recover from crop and pasture damage due to poor growing conditions and give them the ability to restructure their debt with a fixed interest rate loan of 7.00 percent over five years," said Roger Johnson, Agriculture Commissioner.

The disaster loan program for business owners will provide borrowers with financing over five years at a fixed interest rate of 7.00 percent to replenish working capital or restructure existing term loans. Attorney General Wayne Stenehjem stated, "The business disaster loan program also

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# SLND Hosts First Default Symposium

The repercussions of default are serious for any student. North Dakota historically has had one of the lowest default rates of any state in the nation. However, in recent years that rate has climbed.

Student Loans of North Dakota (SLND) hosted its first Default Prevention Symposium in June in Bismarck. The symposium was organized to help start a reversal of the climbing default rate before it becomes a major issue. At this time lenders, schools and the guarantor are generally performing debt management functions independently. The purpose of the symposium was for the different entities to gain a better understanding of what each does and when, as well as to develop a stronger partnership between those involved in working on the default issue. About three dozen people representing various lenders, 10 different schools and SLND-Guarantor participated in this event.

“On all accounts, the session was a tremendous success,”

“The purpose of the symposium was for the different entities to gain a better understanding of what each does and when, as well as to develop a stronger partnership between those involved in working on the default issue.”

said Wally Erhardt, associate director of Guaranty Services at SLND. “The panel discussion involving school, lender and guaranty agency personnel really generated enthusiasm. We identified numerous ideas and concepts on default prevention. Our plan is to prioritize these and begin working on implementing key strategies.”

The group also heard many presentations. Among the presenters were Tim Fitzgibbon – NCHELP, Cathy Mueller – Mapping Your Future, Lynn

Heineman – Account Control Technology, David Hoeft – Premiere Credit, and several SLND staff members.

SLND announced a new \$2,500 scholarship to be given to a deserving school that implements the most effective “Default Prevention Plan” during the 2006-07 school term. In order to qualify, the school must have had a representative present at the Default Symposium. A follow-up session is planned for next year. ■



David Hoeft with Premiere Credit presents at the Default Symposium

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provides relief to borrowers by lowering interest rates and providing options for reamortization of the loan term. Both disaster loan programs will provide much needed assistance at a crucial time to residents whether they own a business or a farm.”

“BND has structured the programs to provide the needed funding with minimal processing time and cost to the borrower,” said Eric Hardmeyer, BND president.

Disaster relief loans have been successfully utilized in the past to provide assistance to those facing economic hardship due to weather related conditions. The current BND disaster relief loan programs will be available through June 30, 2007.



## BND Disaster Relief Loan Programs Fact Sheet

Farm Disaster Relief Loan Program	Business Disaster Relief Loan Program
<p><b>Purpose:</b> This program is designed to allow North Dakota farmers and ranchers impacted by recent weather related events the ability to restructure their debt with low cost rates.</p> <p><b>Applicant:</b> Any North Dakota farmer or rancher.</p> <p><b>Funding Limit:</b> BND Maximum Participation Amount of \$500,000. BND will participate up to a maximum of 75% of the loan.</p> <p><b>Lead Lender:</b> Any financial institution.</p> <p><b>Use of Proceeds:</b> Refinance term debt or amortize operating carryover.</p> <p><b>Interest Rate:</b> Fixed at 7.00% for 5 years.</p> <p><b>Loan Terms:</b> Up to a 10 year amortization with 5 year balloon on chattels. Up to a 25 year amortization with 5 year balloon on real estate.</p> <p><b>Collateral:</b> Maximum loan to value ratio of 75% on chattels. Maximum loan to value ratio of 75% on real estate.</p> <p><b>Eligibility:</b> Applicant must have a farming or ranching operation in North Dakota and provide evidence of a financial loss caused by the 2006 dry conditions.</p>	<p><b>Purpose:</b> This program is designed to provide financial relief to North Dakota businesses impacted by the recent weather related events. This program will provide borrowers with financing to replenish working capital. It will also provide relief to the borrower by lowering their interest rate and providing options for reamortization of the loan term.</p> <p><b>Applicant:</b> Any North Dakota business.</p> <p><b>Funding Limit:</b> BND Maximum Participation Amount of \$500,000. BND will participate up to a maximum of 75% of the loan.</p> <p><b>Lead Lender:</b> Any financial institution.</p> <p><b>Use of Proceeds:</b> To replenish working capital. Restructuring of existing term loans.</p> <p><b>Interest Rate:</b> Fixed at 7.00% for 5 years.</p> <p><b>Loan Terms:</b> Option of interest only for 6 months with the possibility of increasing the loan amortization from the existing structure, to be dealt with on a case by case basis.</p> <p><b>Collateral:</b> Loan must be adequately secured.</p> <p><b>Eligibility:</b> Applicant must have a business operation in North Dakota and provide evidence of a financial loss caused by the 2006 dry conditions.</p>

All disaster relief loan programs listed on this page will be available through 6/30/07.

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